

Message Text

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ACTION EUR-25

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E.O. 11652: N/A

TAGS: ENRG, EC, US, DA

SUBJ: ENERGY: FOREIGN MINISTER'S STATEMENT TO

PARLIAMENT ON DANISH ENERGY POLICY AND

WASHINGTON CONFERENCE

REF: COPENHAGEN 3103

BEING SUMMARY: IN JANUARY 30 STATEMENT BEFORE
PARLIAMENT, FONMIN GULDBERG WELCOMED WASHINGTON
ENERGY CONFERENCE AS FIRST STEP TOWARD DIALOGUE
WHICH MUST INCLUDE PRODUCING STATES AND LDCS.

HE SPOKE STRONGLY OF NEED FOR UNIFIED EC

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ENERGY POLICY AVOIDING DISCRIMINATION AMONG

MEMBER STATES. HE SAW BILATERAL NEGOTIATIONS OF COOPERATION AGREEMENTS WITH OIL PRODUCING STATES AS INTERIM NECESSITY AND ANNOUNCED THAT DENMARK INTENDS TO DO LIKEWISE IN NEAR FUTURE. REPRESENTATIVES OF STATE-OWNED GAS AND OIL COMPANY ARE PRESENTLY IN MID-EAST TO DISCUSS DEALS INVOLVING EXCHANGE OF DANISH GOODS FOR OIL. END SUMMARY.

1. AT INITIATION OF PARLIAMENTARY DEBATE ON DENMARK'S EC POLICY, FONMIN GULDBERG'S PRESENTATION INCLUDED STATEMENT ON DENMARK'S ENERGY POLICY WHICH IS SUMMARIZED BELOW:

AA. IT IS IN DENMARK'S INTEREST THAT EC TAKE COMMUNAL STAND IN NEGOTIATIONS WITH OTHER COUNTRIES ON ESTABLISHMENT OF STABLE MARKET FOR ENERGY SUPPLIES. IT FOLLOWS FROM ROME TREATY THAT ARRANGEMENTS WITHIN EC AS WELL AS AGREEMENTS WITH THIRD COUNTRIES NOT RESULT IN DISCRIMINATION AMONG MEMBER COUNTRIES.

B. DENMARK IS TO GREATER EXTENT THAN ANY OTHER EC COUNTRY DEPENDENT ON IMPORTED OIL FOR HER ENERGY SUPPLY. EFFECTS OF ENERGY CRISIS HAVE THEREFORE BEEN, AND WILL BE, SEVERE. DENMARK MUST EXPECT STRONG INCREASE IN BALANCE OF PAYMENTS DEFICIT AND SHARPER PRICE RISES. EVEN IF IT MAY BE POSSIBLE TO GET ALONG FOR SHORT PERIOD BY BORROWING, IN THE LONGER TERM ARRANGEMENTS MUST BE MADE ENABLING PAYMENT OF QUADRUPLED ENERGY COSTS IN MANNER PREVENTING SIGNIFICANT DETERIORATION OF DANISH ECONOMY.

C. GULDBERG NOTED THAT BOTH PRODUCER AND CONSUMER COUNTRIES ARE SHOWING GROWING APPRECIATION OF NEED FOR BALANCING MEASURES BUT THAT, IN PRESENT TRANSITION PERIOD, RELIANCE MUST BE PLACED ON COOPERATION AGREEMENTS BETWEEN PRODUCER AND CONSUMER COUNTRIES WHICH NEED NOT LIMITED OFFICIAL USE

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BE LIMITED TO TRADE AGREEMENTS BUT MAY INVOLVE OTHER KINDS OF COOPERATION. GIVEN THESE CONDITIONS, "IT IS NATURAL FOR DENMARK TO SEEK SUCH COOPERATION AGREEMENTS AND IT IS THE GOVERNMENT'S INTENTION TO DO SO IN THE NEAR FUTURE."

D. IT IS DANISH GOVERNMENT'S VIEW THAT DENMARK AND EC SHOULD PARTICIPATE POSITIVELY

IN INTERNATIONAL NEGOTIATIONS TO ESTABLISH STABLE MARKET SYSTEM WHICH PROVIDES FOR ECONOMIC RELATIONS SATISFACTORY NOT ONLY TO RAW MATERIALS PRODUCING COUNTRIES AND TO DC'S BUT ALSO TO LDCS.

E. DANISH GOVERNMENT CONSIDERS WASHINGTON ENERGY MEETING ON FEBRUARY 11 AS FIRST TREATMENT OF THIS PROBLEM BY GROUP OF INDUSTRIALIZED COUNTRIES BUT PLACES GREAT EMPHASIS ON NEED FOR FURTHER NEGOTIATIONS INVOLVING BOTH PRODUCER AND DEVELOPING COUNTRIES. GULDBERG CONCLUDED BY SAYING IT IS IN DANISH INTEREST TO SEE EC ACTING AS UNIT IN THESE TALKS AND THAT COOPERATION AGREEMENTS WHICH HAVE BEEN OR WILL SHORTLY BE CONCLUDED ARE ABSORBED BY THE COMMUNITY IN PACE WITH ITS DEVELOPMENT OF A COMMON ENERGY POLICY.

2. PRESIDENT AND LEGAL COUNSEL OF STATE-OWNED DANSK OLIE OG NATURGAS A/S (REFTEL) ARE PRESENTLY IN MID-EAST ATTEMPTING TO PURCHASE OIL, HOPEFULLY IN EXCHANGE FOR DANISH PRODUCTS. DESPITE REPEATED RUMORS OF COMPLETED DEALS, NO OIL PURCHASES HAVE YET BEEN CONFIRMED. BOTH ESSO AND SHELL HAVE ASSURED GOVERNMENT THEY WOULD MAKE REFINERY CAPACITY AVAILABLE FOR CRUDE PURCHASED BY DANSK OLIE.

3. COMMENT: FONMIN STATEMENT TO PARLIAMENT THAT DENMARK WOULD CONSCIOUSLY PURSUE BILATERAL ARRANGEMENTS WITH OIL PRODUCING COUNTRIES IS FIRST TIME GOVERNMENT HAS GONE ON RECORD AS FAVORING BILATERALISM IN ENERGY POLICY. UNTIL NOW, LIMITED OFFICIAL USE

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GOVERNMENT SPOKESMEN HAVE BEEN SHARPLY CRITICAL OF FRENCH, BRITISH AND GERMAN DEALS. WE UNDERSTAND THAT, IN PREPARATION OF SPEECH, STATEMENT ON BILATERAL APPROACH WAS MOST CONTROVERSIAL. ONE FONOFF SOURCE CALLED THIS A PURELY POLITICAL DECISION WHICH IS PATENTLY "SILLY" IN LIGHT OF ECONOMIC REALITIES. MOST FONOFF OFFICIALS CONNECTED WITH ENERGY POLICY ARE CONVINCED ONLY WAY TO ASSURE OIL SUPPLY FOR DENMARK IS THROUGH COOPERATION WITH OTHER, LARGER CONSUMING STATES- EITHER EC OR, FAILING THAT, WITH OTHERS, INCLUDING U.S.
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